

Unaudited results

for the six months ended 31 January 2009

[CONDENSED CONSOLIDATED INCOME STATEMENT] [for the six months ended 31 January 2009]

	Unaudited 6 months ended 31 January 2009 R'000	Unaudited 6 months ended 31 January 2008 R'000	Audited 12 months ended 31 July 2008 R'000
Revenue	232 087	112 214	271 347
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	19 260	21 712	36 456
Depreciation and amortisation	(11 121)	(946)	(8 732)
- Depreciation	(2 187)	(946)	(2 651)
- Amortisation	(8 934)	-	(6 081)
Profit from operations	8 139	20 766	27 724
Interest received	769	378	1 289
Finance costs	(7 458)	(1 910)	(13 420)
- Interest paid	(8 898)	(1 910)	(5 376)
- Foreign exchange gains/(losses) on loan to subsidiary	1 440	-	(8 044)
Profit before taxation	1 450	19 234	15 593
Taxation	(918)	(5 327)	(6 654)
Profit after taxation	532	13 907	8 939
Profit attributable to minority shareholders	1 137	-	(240)
Profit for the period attributable to equity holders of the group	1 669	13 907	8 699
Earnings per share (EPS) (cents)	0,7	8,7	5,0
Net asset value per share (cents)	69,3	40,0	66,7
Weighted average numbers of shares on which earnings per share is based ('000)	227 306	159 749	173 219
Number of ordinary shares in issue ('000)	242 102	180 102	242 102
Reconciliation between earnings and headline earnings			
Profit for the period attributable to ordinary shareholders	1 669	13 907	8 699
Profit on disposal of assets	(30)	-	-
Headline earnings	1 639	13 907	8 699
Headline earnings per share (cents)	0,7	8,7	5,0
Reconciliation between earnings and adjusted earnings			
- Profit for the period attributable to ordinary shareholders	1 669	13 907	8 699
- Amortisation (after taxation)	6 358	-	4 354
- Foreign exchange (gains)/losses on group loans (after taxation)	(1 037)	-	5 791
Adjusted earnings	6 990	13 907	18 844
Adjusted earnings per share (cents)	3,1	8,7	10,9

[CONDENSED CONSOLIDATED BALANCE SHEET] [at 31 January 2009]

	Unaudited at 31 January 2009 R'000	Unaudited at 31 January 2008 R'000	Audited at 31 July 2008 R'000
ASSETS			
Non-current assets	287 362	59 393	291 630
Property, plant and equipment	7 627	4 674	7 495
Goodwill	122 159	51 353	120 975
Intangible assets	118 648	-	125 587
Deferred taxation	38 928	3 366	37 573
Current assets	133 712	89 963	131 586
Inventories	2 896	7 984	6 117
Trade and other receivables	89 123	60 231	83 236
Taxation	3 591	-	723
Cash and cash equivalents	38 102	21 748	41 510
Total assets	421 074	149 356	423 216
EQUITY AND LIABILITIES			
Equity	167 712	63 987	161 617
Share capital	242	180	242
Share premium	115 234	12 039	115 234
Treasury share reserve	(21 377)	(30 124)	(23 586)
Share-based payment equity	2 882	1 265	2 482
Foreign exchange conversion reserve	(6 357)	-	(8 174)
Retained earnings	77 088	80 627	75 419
Outside shareholders' interest	20 633	-	21 770
Non-current liabilities	118 328	29 076	127 328
Long-term loans	84 968	29 076	92 167
Deferred taxation	33 360	-	35 161
Current liabilities	114 401	56 293	112 501
Trade and other payables	97 773	47 375	97 401
Owing to vendors	-	5 525	-
Taxation	2 938	3 393	1 907
Short-term loans	13 690	-	13 193
Total equity and liabilities	421 074	149 356	423 216

[CONDENSED CONSOLIDATED CASH FLOW STATEMENT] [for the six months ended 31 January 2009]

	Unaudited 6 months ended 31 January 2009 R'000	Unaudited 6 months ended 31 January 2008 R'000	Audited 12 months ended 31 July 2008 R'000
Cash flow from operating activities	15 803	11 060	37 735
Profit before taxation	1 450	19 234	15 593
Adjustments not affecting the flow of funds	18 660	3 191	23 450
Operating income before working capital changes	20 050	22 425	39 043
Increase/(Decrease) in working capital	(2 294)	(2 628)	24 181
Cash generated from operations	17 756	19 797	63 224
Finance income	(1 953)	(8 737)	(25 489)
Finance costs	769	378	1 289
Taxation paid	(413)	(1 910)	(13 420)
Cash flow from investing activities	(5 960)	(39 206)	(202 555)
Cash flow from financing activities	(13 251)	27 353	183 789
Proceeds from issue of shares	-	-	105 406
Share issue expenses	-	-	(2 149)
Own shares acquired by subsidiary	-	-	(379)
Own shares sold by subsidiary	2 209	-	6 980
Loans raised/(repaid)	(15 460)	27 353	73 931
Increase/(Decrease) in cash equivalents	(3 408)	(793)	18 969
Cash and cash equivalents at beginning of the period	41 510	22 541	22 541
Cash and cash equivalents at end of the period	38 102	21 748	41 510

SecureData Holdings Limited
Incorporated in the Republic of South Africa
(Registration number 1996/010017/06)
Share code: SDH ISIN: ZAE000096368
("SecureData" or "the group")

Directors:
P Sneddon* (Chairman), DTK Brazier (Chief Executive Officer),
JG du Toit (Financial Director), TN Mali*, YT Moerane*, S Murray, R Pretorius*
*Independent non-executive director *Non-executive director

Company secretary:
K Rossam (email: krossam@telkomsa.net)

Registered office:
Medscheme Building South, 10 Muswell Road South, Bryanston, 2021.
(PO Box 4673, Rivonia, 2128)

Transfer secretaries:
Computershare Investor Services (Proprietary) Limited
(Registration number 2004/003647/07)
70 Marshall Street, Johannesburg, 2001.
(PO Box 61051, Marshalltown, 2107)

Sponsors:
Merchantec (Proprietary) Limited

[CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY] [for the six months ended 31 January 2009]

	Unaudited 6 months ended 31 January 2009 R'000	Unaudited 6 months ended 31 January 2008 R'000	Audited 12 months ended 31 July 2008 R'000
Share capital	242	180	242
Balance at beginning of the period	242	180	180
Issued during the period	-	-	62
Share premium	115 234	12 039	115 234
Balance at beginning of the period	115 234	12 039	12 039
Issued during the period	-	-	105 344
Share issue expenses	-	-	(2 149)
Treasury share reserve	(21 377)	(30 124)	(23 586)
Balance at beginning of the period	(23 586)	(30 124)	(30 187)
Own shares acquired by subsidiary	-	-	(411)
Own shares sold by subsidiary	2 209	63	7 012
Share-based payment equity	2 882	1 265	2 482
Balance at beginning of the period	2 482	615	615
Share-based payment transactions during the period	400	650	1 867
Foreign exchange conversion reserve	(6 357)	-	(8 174)
Balance at beginning of the period	(8 174)	-	-
Foreign exchange movements during the period	1 817	-	(8 174)
Retained earnings	75 419	80 627	75 419
Balance at beginning of the period	75 419	66 720	66 720
Profit for the period	1 669	13 907	8 699
Dividends paid	-	-	-
Total capital and reserves	167 712	63 987	161 617

[COMMENTARY]

GENERAL REVIEW

Although SecureData continued to make significant progress toward achieving its vision of becoming a significant provider of Information Risk Management (IRM) solutions and services in all its geographical areas of operation, the period under review was marred by continuing earnings weakness in the SecureData Africa division and underperformance by the operations in the United Kingdom (UK).

Group revenue increased by 107% to R232,1 million implying organic growth, excluding MIS-CDS, of 27% to R142,8 million in the South African operations over the prior half year. Group EBITDA declined 11% to R19,3 million over the prior half year, and net borrowings at 31 January 2009 stood at R60,6 million, down from R63,9 million at the prior year end.

The Rand weakened in the six months to 31 January 2009 relative to Pound Sterling and the group achieved an exchange profit of R1,4 million on its intra group loans. The amortisation of intangible assets of all acquired companies resulted in a charge during the period of R8,9 million. The combined negative effect of these non-cash, non-operational items on EPS is 2,4 cents. An 'adjusted EPS' calculation that ignores these non-cash items but includes cash expenses such as interest results in an 'adjusted EPS' of 3,1 cents per share.

Working capital management improved significantly with inventories halving from R6,1 million to R2,9 million and debtors days reducing to 61 days from 73 days at the prior year end. Management continues to place particular emphasis on working capital management.

OPERATIONAL AND SEGMENTAL REVIEW

SecureData operates subsidiaries in three major groupings:

SecureData Africa

	6 months to 31 January 2009 R'000	6 months to 31 January 2008 R'000	12 months to 31 July 2008 R'000
Revenue	131 966	101 094	221 941
EBITDA	10 005	17 055	24 320
EBITDA margin (%)	7,6	16,9	11,0

SecureData Africa markets and distributes category leading IRM products in South Africa and the rest of the continent.

As indicated previously, despite a consistent prior record of earnings and revenue growth, SecureData Africa saw a decline in margins during the latter part of the 2008 financial year. The decline was primarily attributable to a less than optimum product mix and an increase in operating costs. During the period under review the company took significant steps to redress this under performance including a senior management restructure, the appointment of Tony Nutter as Managing Director, a detailed analysis of operating expenses and a complete product portfolio review. The effect of these changes was beginning to be realised during the reporting period.

MIS-CDS

	6 months to 31 January 2009 R'000	2 months to 31 July 2008 R'000
Revenue	89 269	28 857
EBITDA	5 288	5 335
EBITDA margin (%)	5,9	18,5

MIS-CDS is one of the largest and longest established independent information security solution providers in the UK.

The macro economic environment in which MIS-CDS trades deteriorated significantly in 2008 and the outlook for the economy remains uncertain. Although the IRM market has historically proved to be resilient to economic cycles, the scale of this downturn has limited the opportunities for growth. MIS-CDS recorded lower than initially anticipated revenues, which had a significant impact on margins due to fixed costs. As a result overhead costs had been cut during the period under review.

SensePost

	6 months to 31 January 2009 R'000	6 months to 31 January 2008 R'000	12 months to 31 July 2008 R'000
Revenue	10 851	11 121	20 549
EBITDA	3 967	4 657	6 801
EBITDA margin (%)	36,6	41,9	33,1

SensePost provides independent information security assessment services. Based in South Africa, the company is a recognised leader in this niche market and boasts a blue-chip client base spanning five continents.

SensePost posted revenue of R10,9 million with a pleasing 36,6% EBITDA margin reflecting the specialist, high value nature of the company's service offering. Approximately a quarter of SensePost revenues were generated outside South Africa and we have begun to use our UK presence to increase SensePost offshore revenues.

STRATEGIC REVIEW

The group continues to gain market share in the markets in which it trades, and has a significant IRM presence in the Europe/Africa region. The group continues to be cash generative, plans to restore its operating margins are being implemented, and working capital management has improved.

The IRM market has historically proved to be quite resilient during downturns in the economic cycle and although it remains difficult to predict to what extent current financial market turmoil will impact buyer activity, the board of directors believes the group is well positioned to take advantage of attractive opportunities within the IRM sector well into the future.

SUBSEQUENT EVENTS

The board of directors is not aware of any material matters or circumstances arising since the end of the interim period and up to the date of this report.

BASIS OF PREPARATION

These condensed interim consolidated financial statements have been prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards and the presentation and disclosure requirements of IAS 34 - *Interim Financial Reporting*, the Companies Act, 1973 (Act 61 of 1973), as amended, and with the Listings Requirements of the JSE Limited. The accounting policies applied in the preparation of these condensed financial statements conform with the requirements of International Financial Reporting Standards, and are consistent with those applied in the annual financial statements for the year ended 31 July 2008. These interim financial statements have not been audited or reviewed by the group's auditors.

DIRECTORATE

Mr B Parker resigned from the group and the board of directors on 10 February 2009.

For and on behalf of the board

P Sneddon
Chairman
16 March 2009

DTK Brazier
Chief Executive Officer